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FCI STATE OFFICE PROCEDURE MANUAL
STATE CROP INSURANCE DIRECTOR ACTUARIAL PROCEDURE

This procedure is applicable to all commodities in establishing coverages and premium rates under the area plan for 1950 and succeeding crop years and will remain in effect until revised or superceded. It is designed to outline (1) the responsibility and functions of the State Director during installation of the area plan and in making revisions on the Crop Insurance Maps, (2) the use to be made of Forms FCI-26, "Adjuster's Report," and (3) the instructions to be followed by the State office in preparing Forms FCI-25, "Record of Crop Insurance Experience."

**SECTION I - RESPONSIBILITY AND FUNCTIONS OF THE STATE DIRECTOR DURING
INSTALLATION OF THE AREA PLAN AND IN MAKING REVISIONS ON
THE CROP INSURANCE MAPS**

A. RESPONSIBILITY

1. General. The responsibility of determining that the coverage and rate structure under the area plan in each county is acceptable to the Corporation is assigned to the State Crop Insurance Director. Accordingly, it shall be the responsibility of each Director (or his Supervisor if assigned to this work) to review the provisions of the County Procedure Manual with the County Committee before any work on coverages and rates is started in the county office. Work performed by county committees and county office personnel must be instituted and closely followed by the State Director or his Supervisor. The State Director or his Supervisor shall be responsible for informing personnel in each county office of the background of the area plan. This person shall initiate the work in each county office and should arrange to make periodic checks as the work progresses to determine that the applicable procedure is being followed. In order that each phase of the work may be accurately completed, the Director and Supervisor must be thoroughly familiar with provisions of the FCI County Procedure Manual, Part 1 - County Actuarial Procedure.
2. Local Purchase of Necessary Materials. As provided in the County Actuarial Procedure Manual, the State Director and county committee shall determine the type of maps to be used in each county for recording the final area determinations. Such maps shall be furnished each county by the Corporation. If it becomes necessary to purchase engineer's maps or other office supplies required for performing the work, the State Director shall purchase such supplies locally and request the vendor to claim reimbursement on a Standard Form 1034 Voucher which must be initialed by the Director. In the event that the vendor demands cash payment, the Director is authorized to pay cash, but must obtain a receipt showing the quantity and cost of each kind of office supplies purchased for each county. A Form 1012 shall be used to claim reimbursement for this expenditure and must be accompanied by the vendor's receipt together with a statement that cash payment was demanded.

3. **List of Ineligible Producers.** It shall be the responsibility of the State Director to prepare each year for each county a list of ineligible producers. In preparing these lists the Director shall first prepare tentative county lists of persons whose names appear on Form FCI-25, "Record of Crop Insurance Experience" which contain the notation "Ineligible." These tentative lists should also indicate the years in which an indemnity was paid the insured and the cause of loss in such years. Such tentative lists shall be reviewed with county committees before preparing final lists. Some county committees may desire to recommend removal of certain names from the tentative lists. However, final decision in each case shall be the responsibility of the State Director. Whenever a name is removed from the tentative list, the Director shall also remove the notation "Ineligible" from Form 25 and file it in its regular order with the names of other eligible producers in the county. The State Director shall encourage each county committee to add additional names to the list of ineligible producers, especially those producers who have not previously been insured but whose participation in the program would not be to the best interest of other insureds. For any such names added to the lists of ineligible producers, the State Director shall prepare a Form 25 with the proper notation made thereon and file it in its proper order in the portion of the file provided for ineligible producers. After each of the above tasks have been performed, the final list entitled "List of Ineligible Producers for _____" (crop year) shall then be prepared in duplicate. This final list shall contain only the names of producers. One copy of this list shall be made available to the county committee before the beginning of the sales campaign.

B. FUNCTIONS

1. **Preliminary Review of Actuarial Work.** Before final area determinations are made by the county committee, the Director or his Supervisor shall review all preliminary work completed in the county office to determine that:-
 - (a) All necessary materials, including aerial photo enlargements, aerial photo indexes, or other types of maps for making area determinations, has been furnished the county office.
 - (b) A "Map of Crop Insurance Experience" has been properly prepared for each year, beginning with 1945, and all such maps have been returned to the county office prior to beginning of the actuarial work.
 - (c) Any land on which 75 percent of the average yield is less than the coverage established for the area has either been designated "unclassified" or given a lower coverage. This is necessary in order to comply with provisions of the Federal Crop Insurance Act.
 - (d) Proper consideration has been given to soil classifications, community or township yields, productivity indexes, topographic maps, or any other available data which would have a bearing on the determination of areas and the amount of coverage to be offered in such areas.

- (e) A concerted effort has been made to locate and identify on the Crop Insurance Maps (FCI-33-) high risk areas which should be given a higher premium rate or designated "unclassified" if it is impossible to determine the insurance risk involved over and above the average land risk in the county. In addition, it should be determined that proper consideration has been given to all significant hazards such as flood, erosion, poor drainage, or other conditions which materially affect the insurance risk.
2. Final Review of Area Determinations. Before final approval of area determinations is given by the State Director, it will be necessary to review all work performed by the county committee to determine that:-
- (a) Full consideration has been given to all factors which in any way would affect proper determination of land areas.
 - (b) Areas have been properly and distinctly outlined and identified on the Crop Insurance Maps (FCI-33-).
 - (c) The difference in coverage between areas has been established in accordance with provisions set forth in the Commodity Supplement to the FCI County Procedure Manual, Part 1.
 - (d) The difference in premium rate between areas has been established in accordance with provisions set forth in the applicable commodity Supplement to the FCI-County Procedure Manual, Part 1.
 - (e) Careful consideration has been given to any land in the county which should be designated "Unclassified" in accordance with requirements.

C. APPROVAL OF FORMS FCI-33-, FCI-34- and FCI-35-.

1. Form FCI-33-

- (a) Counties in which the area plan was established in prior years. A rubber stamp has been furnished the State Director for use in approving previously approved Crop Insurance Maps (FCI-33-) which will be applicable to the succeeding crop year. Each such map (aerial photo enlargement, aerial photo index, or other types of map) shall be stamped with the stamp containing the following information.

FEDERAL CROP INSURANCE CORPORATION		
Coverage and rate areas shown on this map are applicable to the crop years as approved below:		
CROP YEAR	APPROVED BY	DATE

This stamp shall be placed in a prominent spot on the Crop Insurance Map, preferably near other stamps now appearing on the map. For approving maps not previously stamped with this stamp, enter the applicable year on the first line under "crop year" and sign and date in the two remaining spaces. For approving maps which were previously stamped with this stamp enter on the next succeeding unused line the applicable year under "crop year" and sign and date in the two remaining spaces.

For voiding crop insurance maps (FCI-33-) for which new maps have been prepared for the succeeding crop year, each such map to be voided shall be stamped with the stamp previously furnished the State Director which contains the following information.

FEDERAL CROP INSURANCE CORPORATION	
This map NOT APPLICABLE to the _____ and succeeding crop years.	
VOIDED	
By _____	Date _____

This stamp shall be placed in a prominent spot on the crop insurance map being voided. Enter the applicable crop year in the space provided on the first line of the stamp and sign and date in the two remaining spaces. A file of voided maps identified as " _____ Crop Insurance Maps (FCI-33-) Voided for _____ and Succeeding Crop Years" shall be maintained by years in both the county and State Office. Under no circumstances are these voided maps to be altered. Such maps are the official record of areas established for the preceding crop year. No Crop Insurance Maps shall be destroyed without prior permission from this office.

For approving new crop insurance maps (FCI-33-) for use in succeeding crop years (maps prepared to replace voided maps), each such map shall be stamped with the stamp previously furnished the State Director which contains the following information.

FEDERAL CROP INSURANCE CORPORATION	
FCI-33- _____ Crop Insurance Map	
Map No. _____	Approved _____ Date _____

This stamp shall be placed in a prominent spot on each new map. Enter in the spaces provided on the first line opposite "FCI-33-" the appropriate letter as shown on Form FCI-35 to denote the applicable commodity and immediately preceding "Crop Insurance Map," the crop year to which such map will first be applicable.

Each new map shall be assigned the same number as assigned to the voided map which it replaces. Approval of new maps by the State Director shall be made by initials in the space provided and entering the date of such approval.

In the vicinity of the above stamp the State Director shall also stamp each new crop insurance map (FCI-33-) with the stamp previously furnished him which contains the following information:

 Coverages and Premium Rates not established on land so designated.

- (b) Counties in which the area plan is established for the first time. Before approval of the Crop Insurance Maps (FCI-33-) is granted by the State Director he shall ascertain that all maps for the county have been properly completed and identified. In this connection a careful check shall be made to determine that area division lines, area numbers, and unclassified land are clearly indicated on the maps. In addition, it shall be determined that all areas have been properly numbered in accordance with provisions outlined in the County Procedure Manual, Part 1. Approval of these maps shall be made by stamping each such map with the stamp previously furnished the State Director which contains the following information:

FEDERAL CROP INSURANCE CORPORATION

FCI-33- _____ Crop Insurance Map

Map No. _____ Approved _____ Date _____

This stamp shall be placed in a prominent spot on each crop insurance map. Enter in the space provided on the first line opposite "FCI-33-" the appropriate letter as shown on Form FCI-35 to denote the applicable commodity and immediately preceding "Crop Insurance Map," the crop year to which such map will first be applicable. The maps shall be numbered consecutively beginning with number 1 and continuing until all maps are numbered. In the event that the maps were prepared on aerial photo enlargements the numbering should follow the same order of the flights. Approval by the State Director shall be given by initials in the space provided and entering the date of such approval.

In the vicinity of the above stamp the State Director shall also stamp each crop insurance map (FCI-33-) with the stamp previously furnished him which contains the following information:

 Coverages and Premium Rates not established on land so designated

2. Form FCI-34-

Form FCI-34- shall be reviewed to ascertain that the acres used for weighting insurable and unclassified land are representative for each area and that the proper acreage has been used in determining the maximum coverage and minimum premium for the county. A check shall be made to determine that the area coverage and premium rate extensions have been correctly computed and that the sum of coverage extensions does not exceed the maximum coverage for the county and the sum of premium rate extensions is not less than the minimum premium for the county. It shall also be determined that the correct number of ineligible producers has been entered in the space provided on the form.

3. Form FCI-35-

The State Director shall determine that Form FCI-35- has been accurately and properly prepared. In this connection it shall be determined that the area coverages in the final stage of production and the area premium rates are in exact agreement with the area coverages and premium rates shown on Form FCI-34-. Also, a check shall be made to ascertain that the coverages in the early stages of production have been determined in accordance with provisions of the FCI County Procedure Manual, Part 1.

4. Maps of Crop Insurance Experience.

The State Director shall review the maps of Crop Insurance Experience to determine that they have been prepared in accordance with provisions of the FCI County Procedure Manual, Part 1. These maps shall be retained in the files of the State office until such time they are again needed in the county office for performing additional actuarial work.

5. Review by Representative of the Underwriting Division and Approval by State Director.

When all actuarial work for a county has been completed the required forms shall be reviewed by a representative of the Underwriting Division. After these forms have been recommended for the Corporation's approval by a representative of the Underwriting Division, the State Director shall, if acceptable to him, approve such forms for the Corporation, by signing and entering the date of approval in the spaces provided at the bottom of each form.

D. TRANSMITTAL AND REQUEST FOR PHOTOCOPIES OF FORMS FCI-33-, FCI-34- and FCI-35-.

1. When all required actuarial forms for a county have been approved by the State Director and are ready for photocopying, they shall be transmitted to the Branch or Washington office as outlined below:

(a) Branch office

Only the approved maps (FCI-33-) for counties using aerial photo enlargements in establishing the area plan for the first time or completely reworking actuarial data shall be transmitted to the Branch Office for photocopying. The State Director shall request the number of copies needed for sales, acreage report, and loss adjustment work at the time the approval maps are transmitted.

(b) Washington Office

Forms FCI-34- and FCI-35- for all counties and approved maps (FCI-33-) for (1) counties making minor revisions (preparing revised maps to replace voided maps) and (2) for counties using aerial photo indexes or other types of maps in establishing area coverages and premium rates shall be transmitted to the Washington office for photocopying. The State Director shall request the number of copies of each form needed for sales, acreage report, and loss adjustment work at the time these forms are transmitted.

2. Distribution of Original Forms and Photocopies by State Director.

After the originals and requested photocopies of Forms FCI-33-, FCI-34- and FCI-35- have been returned to the State office, a negative copy of each form shall be retained for the files of the State Director. The original forms and remaining photocopies shall be transmitted to the county office by the State Director.

E. REVIEW OF MAP SHOWING PROGRESS OF SALES

The State Director shall during the sales campaign periodically review in the county office the map showing the location of each farm covered by an insurance contract in force and applications submitted for the current program. It is very important from a risk standpoint, that insurance contracts are not unduly concentrated in a particular area or areas of the county. Therefore, it is the responsibility of the State Director to see that sales are properly distributed over the county to avoid selectivity and undue catastrophic risks.

**SECTION II - INSTRUCTING ADJUSTERS ON THE PREPARATION OF FORM FCI-26,
"ADJUSTER'S REPORT"**

It shall be the responsibility of the State Director to see that all adjusters are properly and adequately instructed on the preparation of Form FCI-26. In holding loss adjustment training schools, a portion of the time should be set aside for instructing the adjusters on the preparation of this form. The instructions should include a detailed explanation of the use to be made of the form by the State office. When instructing the adjusters on the preparation of Form FCI-26, particular emphasis should be placed upon the necessity of furnishing a complete narrative explanation of all pertinent factors involved

which may either directly or indirectly have a bearing on the risk of loss in order that the Corporation may be able to properly evaluate the report and initiate appropriate adjustment. The adjusters should also be encouraged to comment fully on the adequacy of labor and equipment, productivity and risk of the land, farming ability of the operator, credit and moral risk of the operator and any other pertinent factors noted at the time inspection of the insurance unit is made.

Prepared Forms FCI-26 will be the primary source from which to obtain information for adjusting coverages and premium rates designating "unclassified" land, and determining ineligible producers. Such forms will also serve as a source of information for verifying the correctness and reasonableness of loss claims submitted by insureds.

SECTION III - PREPARATION OF FORM FCI-25, "RECORD OF CROP INSURANCE EXPERIENCE"

A. GENERAL

1. Preparation of Form FCI-25. In the heading of Form FCI-25 (hereinafter referred to as Form 25) enter the name of the insured commodity, the state and county code, the name of the ineligible or insured producer, and the contract number (this information shall be obtained from the insurance contract currently in force.) Data to be recorded in the body of Form 25 shall be entered in accordance with the instructions set forth in the following subsections for each commodity on which insurance is currently being offered. The required information shall be entered on Form 25 as soon as it becomes available. Pertinent information from Form FCI-26 (Adjuster's Report) shall be entered in the "Remarks" column of Form 25. A careful study of all factors involved should be made to ascertain the appropriate words or statement to be recorded. Such words or statement shall be underscored with a colored pencil. This is necessary due to the limited space available on Form 25 for recording remarks. Concise statements such as "inadequate labor", "insufficient equipment", "extremely poor land", "poorly drained land", "flood land", "inefficient operator", "poor credit risk", "bad moral risk", etc. should be recorded on Form 25 in lieu of the exact words used by the adjuster on Form FCI-26.
2. Eligible Producers. A Form 25 shall be prepared for each producer having an insurance contract in force for the current crop year, if not already prepared. A separate Form 25 shall be prepared for each insured with respect to each commodity covered by an insurance contract. A Form 25 shall be similarly prepared in succeeding crop years for each new insured producer and each new insured commodity. The prepared forms shall be maintained in an alphabetical file and shall be used by the State Director in screening applications, preparing lists of ineligible producers, designating unclassified land, and determining eligibility for reduction in premium for good experience, when applicable.

3. Ineligible Producers. The State Director shall ascertain that a Form 25 is or has been prepared for each producer on the list of ineligible producers. The same lines on Form 25 shall be used for recording the insurance experience data for ineligible producers as were used for recording such data for eligible producers. For each person whose name appears on the list of ineligible producers, whether with or without crop insurance experience in connection with the commodity for which each such list was prepared, the Director shall enter the word ineligible across the Form 25 on the line opposite the crop year for which the producer was determined to be ineligible. The Director shall also enter on this line under remarks a concise explanation of why the producer was determined to be ineligible. An alphabetical file of Forms 25 for ineligible producers shall be maintained separately from the file of eligible producers.

Each year before actuarial work for a commodity is undertaken in a county the State Director shall review all Forms 25 prepared for insured producers of the commodity in the county to determine if there are any additional producers of the commodity in the county whose name should be placed on the list of ineligible producers. The State Director shall prepare a tentative list of ineligible producers for review with the county committee, such tentative list shall contain the following names, (1) producers declared ineligible for the previous year and (2) producers currently insured whose insurance experience or other information on them would indicate that it may be necessary to designate them as ineligible. The names of producers under item 2 shall be determined from a review of the file of Forms 25 for eligible producers. Forms 25 for producers who have collected an indemnity in two or more years which cannot be fully justified, or producers for whom information recorded in the "Remarks" column of Form 25 indicates the insured is a poor risk shall be identified as ineligible, pending review of such producers with the county committee.

B. WHEAT

1. Crop Year. Enter on the first line in the column for "crop year" the figures 1939-43. If the insured had a contract covering his 1945 spring wheat crop, enter on the succeeding lines of this column the years 1945, 1946, 1947, 1948 and 1949. The crop year 1945 shall be omitted in those cases where the insured did not have a contract covering his 1945 spring wheat crop.

